

26 September 1951

MEMORANDUM FOR THE RECORD

SUBJECT: NSC Action on an Exception to the Kem Amendment for the NATO Countries

1. The draft of a proposed NSC action granting this exception was first submitted for approval to the East-West Trade Committee on 6 September. This draft had not gone through the usual procedure of discussion and preparation by an inter-agency drafting committee. Numerous objections were made to the draft at this meeting including a series of objections by CIA covering the same ground as the points taken in the memorandum from the Assistant Director for Research and Reports to the Deputy Director of Central Intelligence dated 11 September. So many objections were raised that it was not clear to the CIA member at the end of the meeting in just what condition the draft was left, but it was understood that a revised version embodying the corrections would be circulated.

2. On Tuesday morning, 11 September, a memorandum was delivered to the DD/CI from the AD/RR explaining our objections. The document was discussed at a Senior Staff meeting on the afternoon of 11 September attended by Messrs. Dulles [REDACTED] for CIA. Mr. Dulles objected to both the classification of the document and its substantive implication that interruption of further trade would do little damage to the Soviet Orbit and great harm to the West. Most of the discussion at the meeting, however, concerned the question of whether or not the documents should be classified. CIA was not prepared to propose substitute passages for those to which we took exception.

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3. On the morning of 12 September, Mr. Dulles called [REDACTED] in Mr. Millikan's absence, to inquire as to RR's views on the seriousness of our objection. [REDACTED] got in touch with Mr. Millikan at the National War College and then phoned Mr. Dulles. Mr. Millikan, believing that the sole remaining issue was one of classification, indicated to Mr. Dulles that he did not feel this issue was sufficiently important to warrant CIA objecting to the exception in the NSC meeting to be held that afternoon.

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4. The proposed action on the exception was brought up at the NSC meeting on Wednesday afternoon, 12 September. This meeting was attended by Mr. Dulles from CIA, who raised no objection to the proposed NSC action. The NSC approved the exception, referring back to the Senior Staff the question of what classification should be placed upon the memorandum to be sent to Congress conveying the NSC action.

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5. On Thursday, 20 September, [REDACTED] brought in to Mr. Millikan the proposed draft report to Congress, which had been cleared with the COCOM countries in Paris and corrected according to their views, and which it was proposed to dispatch it to Congress unclassified. On Thursday afternoon, 20 September, [REDACTED] and Mr. Millikan conferred with Mr. Dulles explaining their substantive complaints for the document as it stood. Mr. Dulles directed Mr. Millikan to draft a letter to Mr. Farley of the Security Council in response to his memorandum covering the draft explaining in detail the passages to which we objected and proposing deletions and substitutions. Such a draft was prepared and described by [REDACTED] on the phone to Mr. Farley on Friday, 21 September. Mr. Farley, in response, undertook to pass these objections on to the other agencies concerned, and proposed that he attempt to secure an agreement to the deletion of paragraph 20 of the draft. [REDACTED] indicated that if he were successful in doing this we would drop our other objections.

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6. On Friday afternoon, 21 September, Mr. Gleason of the Security Council Staff called Mr. Dulles to explain that the Department of State and the Economic Cooperation Administration were unwilling to delete paragraph 20, but would agree to removing it from the unclassified draft and transmit it separately with a classification. After consultation with [REDACTED] and Mr. Millikan, Mr. Dulles phoned Mr. Gleason and indicated that, in the light of the urgency of getting the matter decided and in light of the fact that we did not take exception to the action but only to some of the reasons stated for it, we would not further oppose the dispatch of the draft in its present form, with paragraph 20 to follow as a classified appendix, although we were not happy about phrasing and would probably send to the NSC a subsequent letter explaining our reservations.

MAX F. MILLIKAN
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Research and Reports